Industrial Distribution

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Hotline:
New DOJ guidelines may alter distribution business?

62A14 4067682 W35 3 447 M
JOHN P KENNEDY
CONGRESSIONAL INFORMATION
4520 EAST-WEST HWY STE 80
BETHESDA MD 20814-

Update '85:

COMPUTERS/TELECOMMUNICATIONS

ID Industrial Distribution

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Demographics of distribution are changing, finds ASMMA study

CLEVELAND, OH—Although California is the number one state for industrial distribution, the Pacific coast and the mountain states lost a small share of business to the rest of the U.S. in 1984 compared to their 1981-1983 average, according to the 33rd edition of *Sales Through Industrial Distributors* published by the American Supply & Machinery Manufacturers' Assn.

The biggest decline, the ASMMA study found, occurred in the southwest central states, still reeling from the oil glut. There, total share of the U.S. industrial distribution market fell from 15.39% to 11.69%.

Among the U.S Census Bureau areas that improved their '81-'83 averages were: the north east central states which increased share of the market from 22.34% to 24.95%, the south Atlantic coastal states which grew from 13.38% to 14%, the mid-Atlantic states which raised their share from 13% to 13.4% and the northeast coastal states which went up from 4.88% to 5.53%, a healthy 13% increase in 1984.

The ASMMA study, which analyzes data submitted by 147 manufacturers, indicates that at the time of the study, California was still the leading state, followed by Texas, Ohio, Illinois, Pennsylvania, Michigan, New York, Indiana, Georgia and New Jersey. The 48th through 50th slowest states for distribution were Hawaii, Nevada and Vermont, in that order. The median state, ranking 25th, was Oklahoma.

California also took first place as the state containing the leading metropolitan trading area (see chart for complete listing), Los Angeles- Long Beach-Anaheim, which accounted for 5.28% of total U.S. sales through distributors. The second highest ranking metropolitan area, Chicago-Gary, however, rose to within 0.02% of equaling Los Angeles' supremacy.

The ASMMA study, *A Market Research and Economic Trend Analysis of Sales Through Industrial Distributors*, can be obtained by non-members, prepaid, for $100 by writing to American Supply & Machinery Manufacturers' Assn., 1230 Keith Building, Cleveland, OH 441115.□

Listing of top 50 major metropolitan trading areas by rank

		Percent of U.S.		
		1984	1983	1982
1.	Los Angeles—Long Beach—Anaheim Consolidated Area	5.28	5.21	5.47
2.	Chicago—Gary Consolidated Area	5.26	4.74	4.81
3.	New York—Newark—Jersey City—Bridgeport Consolidated Area	4.86	4.83	4.96
4.	Detroit—Ann Arbor Consolidated Area	3.06	3.04	2.59
5.	Dallas—Fort Worth, Texas	2.67	2.59	2.98
6.	Cleveland—Akron—Lorain Consolidated Area	2.46	2.32	2.25
7.	Philadelphia—Wilmington—Trenton Consolidated Area	2.39	2.45	2.51
8.	Houston—Galveston Consolidated Area	2.33	2.64	3.90
9.	San Francisco—Oakland—San Jose Consolidated Area	2.12	2.26	2.18
10.	Atlanta, Georgia	1.74	1.77	1.44
11.	Boston—Lowell—Brockton—Lawrence—Haverhill, Massachusetts	1.70	1.68	1.53
12.	Pittsburgh, Pennsylvania	1.67	1.53	1.69
13.	Minneapolis—St. Paul, Minnesota	1.63	1.46	1.42
14.	Milwaukee—Racine Consolidated Area	1.59	1.31	1.21
15.	St. Louis, Missouri	1.36	1.40	1.49
16.	Kansas City, Missouri	1.25	1.03	1.04
17.	Seattle—Tacoma Consolidated Area	1.09	1.21	1.28
18.	Indianapolis, Indiana	1.08	.97	.76
19.	Cincinnati—Hamilton Consolidated Area	1.02	.96	.94
20.	Birmingham, Alabama	.99	1.10	1.15
21.	Denver—Boulder, Colorado	.95	1.01	1.09
22.	Charlotte—Gastonia, North Carolina	.88	.94	.75
23.	Portland, Oregon	.85	.90	.87
24.	Baltimore, Maryland	.83	.79	.79
25.	Columbus, Ohio	.81	.79	.82
26.	Salt Lake City—Ogden, Utah	.74	.70	.72
27.	New Orleans, Louisiana	.73	.87	1.11
28.	Miami—Fort Lauderdale Consolidated Area	.69	.73	.67
29.	Greensboro—Winston Salem—Highpoint, North Carolina	.68	.74	.45
30.	Hartford—New Britain—Bristol, Connecticut	.67	.63	.60
31.	Buffalo, New York	.66	.73	.71
32.	Louisville, Kentucky	.65	.71	.64
33.	Dayton, Ohio	.65	.58	.60
34.	Grand Rapids, Michigan	.65	.65	.49
35.	Tampa—St. Petersburg, Florida	.62	.67	.58
36.	Phoenix, Arizona	.62	.63	.60
37.	Rochester, New York	.58	.57	.56
38.	Worcester—Fitchburg—Leominster, Massachusetts	.57	.47	.42
39.	Memphis, Tennessee	.56	.52	.53
40.	Toledo, Ohio	.55	.56	.50
41.	Fort Wayne, Indiana	.52	.61	.31
42.	Tulsa, Oklahoma	.49	.59	.72
43.	Omaha, Nebraska	.49	.50	.45
44.	Richmond, Virginia	.48	.50	.46
45.	Oklahoma City, Oklahoma	.48	.48	.81
46.	Nashville—Davidson, Tennessee	.47	.56	.42
47.	Syracuse, New York	.46	.47	.43
48.	San Diego, California	.44	.44	.43
49.	Greenville—Spartanburg, South Carolina	.44	.44	.42
50.	Washington, District of Columbia	.42	.46	.42

Frichtl joins ID editorial staff

NEW YORK, NY—Paul T. Frichtl recently joined *ID* as associate editor. He previously served as business editor of *World Mining Equipment* magazine, a sister publication of *ID*. Before coming to Technical Publishing, he was editor in chief of *The Mirror Recorder*, a weekly newspaper in Stamford, NY.

Frichtl

A 1983 graduate of Syracuse University with a Master's Degree in Journalism, Frichtl also has a BA in English from Washington State University. He and his wife, Anne, have a three-month-old daughter, Kristin.□

Vaco Products is marketing Cordomatic line

NORTHBROOK, IL—Vaco Products Co., a manufacturer of hand tools, solderless connectors and special application tools sold through distributors, has begun marketing the Cordomatic line of automatic cord reels.

Purchased by Vaco in 1984, Cordomatic's products have been sold separately until the recent merger of product lines. According to Vaco president, Ray Silverstein, the advantages of marketing Vaco and Cordomatic products together include better freight allowances, discounts on combined invoices, a combination co-op advertising program and better service.□

First warehousing facilities show slated for Mar.24-27, 1986

CHICAGO—*Depo 86*, a trade show described by its producers as "the first national show and conference devoted exclusively to the problems of warehousing and distribution," will makes its debut at McCormick Place here on March 27, 1986.

The National Warehousing & Distribution Facilities Exposition and Conference will feature five aspects of warehousing and distribution both in conference sessions presented during the Exposition and through exhibits on the floor of the hall.

They are: material handling, security provisions, atmospheric control, computer systems, and packing and packaging.

Conferences held during the course of Depo 86 will comprise four sessions, one each on management, applications, systems and equipment.

Talks scheduled include:

A discussion on raising capital entitled *Playing the Capital Authorization Game* presented by Dr. Thomas P. Cullinane, associate professor at Northeastern University, Boston; and a talk on implementing warehouse solutions called *The Challenge of Implementation* delivered by Dale Olson of Tompkins Associates, Raleigh, NC.

Designing A Distribution System which will discuss siting warehouses will be the subject of a presentation by John Spain of Tompkins Associates.

In addition, Kenneth B. Ackerman, president of K.B. Ackerman Co., Columbus, OH will discuss *Warehouse Space Management;* Kenneth Farmer, manager of physical distribution operations, for General Electric's Appliance Div., Louisville, KY will speak on *Balancing Labor and Technology: Major Appliance Handling and Storage*.

Robert Footlik of Footlik & Associates, Evanston, IL will present a review of *Warehouse Productivity Improvement*.

Visitors to Depo 86 will have crossover privileges to both the Spring National Plant Engineering and Maintenance Show and the Spring National Design Engineering Show which are running concurrently at McCormick Place.□

Indicators...

The three leading indices for the current month are a mixed bag with one slightly up, one slightly down and one absolutely flat. The *NIDA/SIDA Industrial Distribution Index* for the month of August showed an increase over July by a respectable 8.1 points on a national basis. Regionally, all sections of the country showed growth with the South gaining the most by posting a 12.9. Sales in the East were next in order of magnitude with a 9.4 increase followed by the Midwest and West up by 6.2 and 5.6 points respectively. Sales in all regions, were down slightly from the August '84 figures, however...SIDA's *Monthly Sales Trend Report* fell by a scant 1.19 in July from the June numbers with Area I (NC, VA, WV) showing the only growth by 4.25. The big decline was experienced in SIDA area III comprising AL, KY, MS, TN which fell by 11.84. Area II (FL, GA, SC, Puerto Rico) dropped by 2.00 and Area IV (AR, LA, OK, TX) retreated by 0.70. Year-to-date '85 compared to YTD '84 is up slightly by 0.82...ASMMA's *New Order Index* achieved the statistical distinction of producing precisely the same figures two months in a row for the first time in its history. It registered 125.5 in July, identical to the June number. Coincidence aside, with the exception of Aug. '84, the number has not been exceeded since 1981...The *Total Index* of the American Machine Tool Distributors Assn. (AMTDA) for July rose 4.1 points over June for a 6.3% gain. July '85 compared to July '84, however, shows a 4.8% decline...the National Assn. of Aluminum Distributors (NAAD) *Quick Pulse Index* of shipments for July fell to 98.5, down 9.7 points from the June figure of 108.2. Except for the 89.6 compiled in Dec. '84, the current figure is the lowest in 19 months.

REGIONAL REPORT

August sales fall to new low

For the first time since the recovery began in distribution (May '83), sales have skidded into the negative area, down 4% in August '85 compared to August '84. All of the regional sales figures were in the negative column.

The biggest losses were in the South Atlantic and West South Central regions, both off 10%. Both East North Central and Pacific were down 1%.

In area reporting, Georgia-Florida showed the steepest drop in sales, off 7%, with Massachusetts and Ohio down 3% and 2% respectively. In the East North Central areas, Wisconsin (up 6%) and Michigan (up 3%), bucked the trend. In the Pacific region, the Oregon-Washington area managed a 1% gain. The only other area not showing a negative figure in this category was Pennsylvania, which was 0 or even

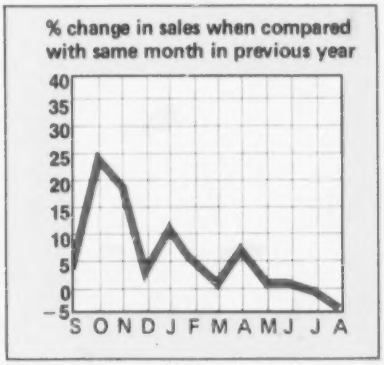
Month-to-month sales figures, after turning negative last month, have returned almost unanimously to the plus side, indicating that sales are beginning to pick up once again, although it will take more than one month's postive figures to break the downtrend. In regional reporting for this category, South Atlantic was highest, up 10%; New England lowest, down 4%. In area reporting, Pennsylvania was up 12% with Wisconsin a close second, up 11%.

Cumulative figures for the first eight months of the year are slightly higher in August than July, 5% vs. 3%.□

RECEIVABLES*

	Aug. '85 Gen.	Aug. '85 Spec	vs. Aug. '84 Gen.	Aug. '84 Spec.
New England	49	50	48	45
Middle Atlantic	43	44	40	45
South Atlantic	37	37	33	36
East North Central	38	42	37	44
East South Central	39	—	38	—
West North Central	—	—	—	—
West South Central	—	—	—	—
Mountain	—	—	—	—
Pacific	38	43	39	39
National	41	43	39	42

* Average days outstanding



Sales turn negative in August...

SALES BY REGIONS (% change)

	Aug.'85 vs. Jul.'85 Gen.	Spec.	Both	Aug.'85 vs. Aug.'84 Gen.	Spec.	Both	1st eight months'85 vs. 1st eight months'84 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	−9	0	−4	−8	−2	−5	+2	+7	+5
Connecticut	−16	—	—	−14	—	—	−1	—	—
Massachusetts	−3	−1	−2	−2	−4	−3	+5	+6	+6
MIDDLE ATLANTIC: NY, NJ, PA	+5	+1	+3	0	−7	−4	+8	+6	+7
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	—	—	—	—	—	—	—	—	—
Pennsylvania	+9	+14	+12	+1	−1	0	+12	+3	+6
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+11	+8	+10	−16	−4	−10	−2	+3	0
Georgia-Florida	+15	+5	+9	−14	−2	−7	+4	+3	+3
EAST NORTH-CENTRAL: OH, IN, IL, MI, WI	0	+4	+2	−4	+2	−1	+4	+13	+8
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	−2	+15	+11	+5	+7	+6	0	+19	+15
Chicago	—	—	—	—	—	—	—	—	—
Michigan	−7	+17	+4	−5	+13	+3	+6	+17	+11
Ohio	+4	−2	+1	−1	−4	−2	+8	+10	+9
EAST SOUTH CENTRAL: AL, MS, KY, TN	+25	—	—	+15	—	—	+16	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	—	—	—	—	—	—	—	—	—
WEST SOUTH CENTRAL: AK, LA, OK, TX	+5	0	+1	0	−11	−10	—	−11	—
Texas	—	—	—	—	—	—	—	—	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	+7	−2	+5	+1	−8	−1	+9	−1	+6
L.A.-San Diego	+9	—	—	+2	—	—	+10	—	—
Oregon-Washington	+5	0	+2	+3	−1	+1	+23	0	+10
U.S. TOTALS	+5	+3	+4	−4	−3	−4	+5	+5	+5

ID's QUARTERLY INFLATION INDEX

As we predicted the annualized rate of inflation for 1985, based on the second quarter, is lower than for the first quarter, when most of the firms initiate their annual increases for the year. The annualized rate is only 2.16%, slightly under the 2.24% actual rate for 1984. This rate for the *Silver/ID Inflation Index* is somewhat under the annual rate for NIDA/SIDA, and the *Producers Price Index* of industrial commodities, but note that all three indexes show an annual inflation rate of under 3%. For a comparison of eight wholesalers plus the *Consumer Price Index* see Table 1.

Table 2 shows the movement of individual items of the 33 product groups in the *Silver/ID Index*. Twenty-seven of the product groups rose for the second quarter of 1985, and the remaining six declined.□

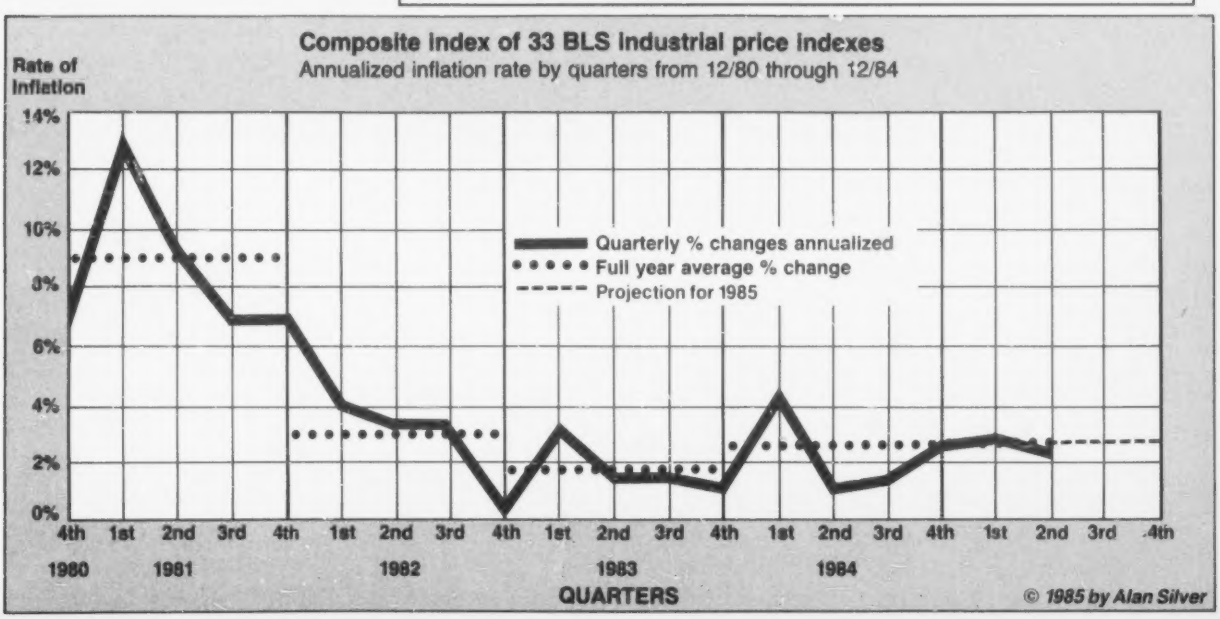
Table 1—Comparing inflation indexes

	Current qtr	*BLS inflation rates(%) Year-to-date		
	6/85 vs 3/85 annualized	6/85 vs 12/84 annualized	6/85 vs 6/84	12/84 vs 12/83
Silver/ID index of 33 industrial products groups	2.16%	2.48%	2.14%	2.24%
NIDA/SIDA index of 10 industrial product groups	2.80%	4.18%	2.83%	2.47%
**PPI index of industrial commodities	2.70%	1.06%	0.28%	1.44%
Average of above indexes	2.55%	2.57%	1.75%	2.14%
**PPI index of finished goods (indl/agric)	1.92%	0.96%	0.44%	1.85%
Silver/Wholesaler index of 13 lines (plmbg/htng	4.84%	4.26%	3.51%	4.31%
Electrical Marketing index of 24 product groups	-1.24%	0.98%	0.62%	3.51%
***NAED inflation index: 16 product groups	3.24%	6.68%	6.13%	5.18%
Consumer Price Index	4.40%	4.32%	3.73%	3.95%

*Bureau of Labor Statistics (1967 = 100)
**Producers Price Index (formerly Wholesale Price Index)
***National Assn. of Electrical Distributors (non-BLS) (1973 = 100)
NOTE: All figures are based on Bls unadjusted indexes unless otherwise noted. For the first quarter of each year, the first two columns of figures will be alike. For all other quarters, the first column will be the last quarter annualized, and the second column 9 of figures will be current year-to-date annualized. Upcoming reports will follow the above format.

Compiled by Alan Silver Associates, Inc., Highland Park, NJ

For copies of Alan Silver's articles, write: Alan Silver & Associates, Inc., 168 Woodbridge Ave., Highland Park, NJ 08904 (201) 572-2300).


Composite Index of 33 BLS Industrial price Indexes
Annualized inflation rate by quarters from 12/80 through 12/84
Rate of Inflation
14%
12%
10%
8%
6%
4%
2%
0%
Quarterly % changes annualized
Full year average % change
Projection for 1985
4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th
1980 1981 1982 1983 1984
QUARTERS
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ID'S QUARTERLY INFLATION INDEX

Table 2—ID quarterly inflation index (1967 = 100 except where otherwise indicated)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Product category	Current qtr. 6/85	Previous qtr. 3/85	% Inflation current qtr.	Current qtr. annualized %	Year-to-date 6/85 vs 12/84 %	Year-to-date 6/85vs 12/84 annualized %	Last 12 months	4th qtr. 84	4th qtr. 83	Annual inflation 84 %
[1]Industrial oil	374.0	372.7	0.35	1.40	0.35	0.70	0.35	372.7	371.7	0.27
Prepared pain	278.0	279.7	-0.61	-2.44	0.25	0.50	2.66	277.3	264.9	4.68
*Rubber belts & belting	355.5	354.0	0.42	1.68	3.19	6.38	0.91	344.5	334.1	3.11
Other misc. rubber products	300.0	303.0	-0.99	-3.96	-1.41	-2.82	1.39	304.3	298.2	2.05
Plastic construction products	162.7	159.4	2.07	8.28	-3.61	-7.22	-5.95	168.8	170.2	-0.82
Semi-finished steel products	372.8	372.3	0.13	0.52	-0.05	-0.10	0.32	373.0	370.0	0.81
Wire & cable	202.8	203.2	-0.20	-0.80	0.80	1.60	-0.29	201.2	201.5	-0.15
[3]Electric wire & cable	103.2	103.6	-0.39	-1.56	-0.39	-0.78	-0.39	103.6	103.2	0.39
[3]Building wire & cable	94.6	97.8	-3.27	-13.08	-3.27	6.54	-6.98	97.8	104.9	-6.70
Builders hardware	308.8	302.8	1.98	7.92	1.98	3.96	4.04	302.8	290.7	4.16
*Hand tools	373.8	365.5	2.27	9.08	2.27	4.54	4.71	365.5	351.0	4.13
*Misc. metal products	302.5	301.6	0.30	1.20	0.30	0.60	-2.64	301.6	289.3	4.25
[2]Industrial safety equipment	143.3	144.8	-1.04	-4.16	2.65	5.30	6.78	139.6	133.5	4.57
Bolts, nuts, screws & rivets (fasteners)	276.6	280.0	-1.21	-4.84	-1.21	-2.42	-1.98	280.0	271.7	3.05
*Power-driven hand tools	231.3	226.6	2.07	8.28	2.07	4.14	4.66	226.6	220.9	2.58
Welding machines & eq.	293.0	286.3	2.34	9.36	2.77	5.54	4.20	285.1	273.2	4.36
*Cutting tools & accessories	285.9	285.7	0.07	0.28	0.92	1.84	2.88	283.3	275.8	2.72
Precision measuring tools	263.3	261.6	0.65	2.60	3.30	6.60	3.95	254.9	244.4	4.30
*Abrasive products	317.2	311.5	1.83	7.32	2.95	5.90	2.19	308.1	305.2	0.75
Metal cutting machine tools	396.9	395.9	0.25	1.00	0.56	1.12	3.55	394.7	379.3	4.06
Metal forming machine tools	433.8	432.9	0.21	0.84	1.19	2.38	2.29	428.7	422.6	1.44
Pumps, compressors & eq.	356.1	355.8	0.08	0.32	1.11	2.22	1.92	352.2	346.3	1.70
Fluid power eq	263.6	263.0	0.23	0.92	0.69	1.38	1.89	261.8	254.3	2.95
*Industrial material handling eq.	294.9	294.0	0.31	1.24	0.92	1.84	2.15	292.2	286.5	1.95
*Mechanical power transmission eq.	339.7	335.3	1.31	5.24	2.69	5.38	4.91	330.8	320.4	3.25
[3*]Metal valves, (except fluid power)	104.9	104.3	0.58	2.32	2.04	4.08	2.84	102.8	100.1	2.70
[3*]Metal pipe fittings	110.2	109.2	0.92	3.68	1.10	2.20	4.36	109.0	103.3	5.52
Ball & roller bearings	353.7	347.3	1.84	7.36	2.67	5.34	4.68	344.5	333.2	3.39
[5]Plain bearings	100.8	100.6	0.20	0.80	0.60	1.20	—	262.2	260.0	0.85
Wiring devices	360.5	360.3	0.06	0.24	-0.41	-0.82	1.12	362.0	341.9	5.88
Integrating & Measuring Instruments	233.1	230.4	1.17	4.68	1.00	2.00	1.70	230.8	223.7	3.17
[4]Electric motors	106.6	106.5	0.09	0.36	3.13	6.26	4.32	105.3	100.4	4.88
[4]Generators & generator sets	106.8	103.1	3.59	14.36	3.89	7.78	5.01	102.8	100.7	2.09
*NIDA/SIDA composite	312.9	310.8	0.70	2.80	2.10	4.20	6.19	306.5	299.1	2.47
Silver/ID composite	301.0	299.4	0.54	2.15	1.09	2.57	2.05	297.3	290.8	2.24

*Included in NIDA/SIDA composite

[1] 12/73 = 100 [2] 6/78 = 100 [3] 12/82 = 100 [4] 6/83 = 100 [5*] 12/84 = 100

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